PATCH Impact Report 2021





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Freddie Blackett, founder & CEO

Why have we created this report?

At Patch, our vision is for a greener – not greyer – world. We've helped over 500,000 people to bring plants into their lives, and as a result we've always believed that our role in the world is fundamentally beneficial to the planet, our society and the communities we serve.

But it's not enough to simply believe this. So we've been working hard to better understand and quantify the impact we're having so that we can use this information to go further in the future. This report captures some of those findings and the impact that we're having. It also outlines where we're planning to focus our efforts next. There's a lot that I'm excited about tackling – from reducing the CO_2 emissions in our delivery network to supporting some of the UK's peat restoration programmes.

I look forward t progress soon.

Freddie

I look forward to updating you on our

2021 highlights

We've taken significant steps in the past year to deliver an even better experience for customers and employees, make a difference in our local community, and reduce our impact on the environment.

+ We mapped our carbon footprint, so we can set targets in line with the Science **Based Targets** initiative target of limiting global warming to 1.5°C.

2021 highlights

- + We've submitted our application to become a <u>certified</u> <u>B Corporation</u>
- + We no longer sell any peat-based compost
- + We're delivering more plants by hand to reduce the need for packaging

+ We partnered with youth charity <u>icanyoucantoo</u>, fundraising and donating a percentage of all sales of our plant Pippa. So far, we've donated £34,000, which has helped deliver 3,000 hot meals over school holidays and paid for the refurbishment of 100 Apple Macbooks, textbooks and journal subscriptions.

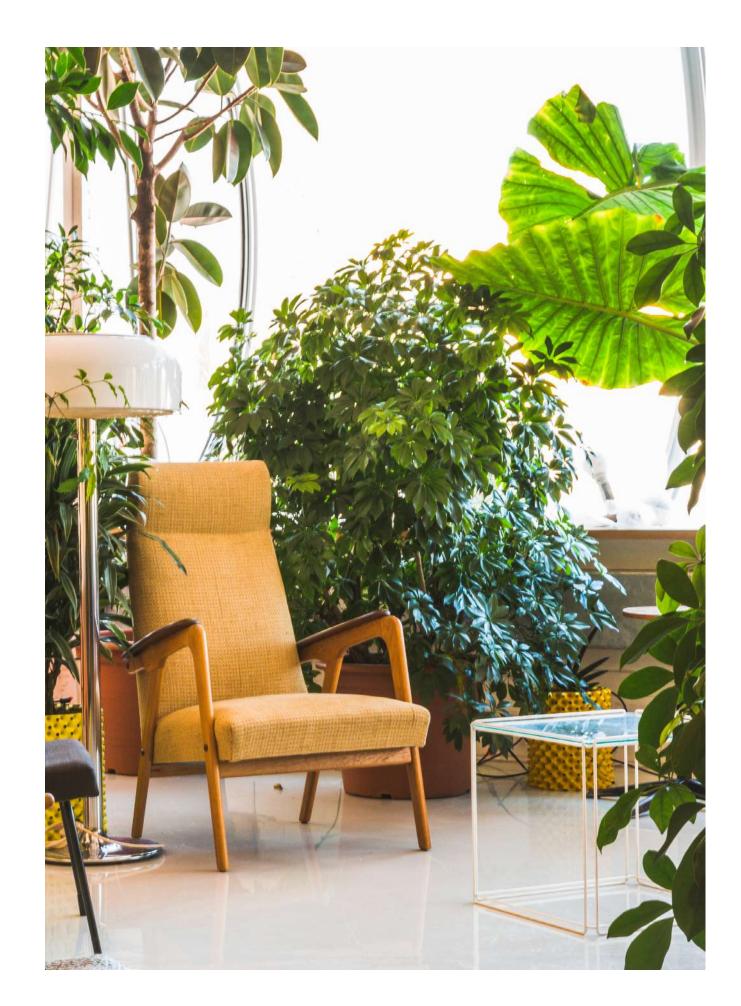




Pippa the peace lily

2021 highlights

- + All our employees now have access to private healthcare
- + We've introduced flexible working hours for all of our employees



Part one

PP. 09 – 20

Environment

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Environment

Our mission is to make the world a greener place. That's not just about bringing plants to homes but helping protect the planet and minimise our effect on the environment.

Our commitment to the environment

- 1. To align to the <u>science based targets</u> <u>initiatives</u> (SBTi) by reducing our absolute scope 1 & 2 carbon emissions by 42% by 2030, and to actively reduce our scope 3 emissions per product;
- 2. By 2030 our organisation and supply chain will have <u>no net impact</u> on the climate.

The Paris Agreement, signed by 190 countries and the European Union, is a legally-binding commitment to keep the global average temperature increase below 2°C. This can't be just a government commitment. Businesses need to do their part too. Aligning with the SBTi helps us ensure our targets are in line with the agreement and latest climate science. For the emissions that we cannot remove yet, we will offset the equivalent through peat restoration investment, for no net impact.

Understanding our impact

To understand how to improve, we first need to know where to improve. We commissioned an environmental consultancy to map out our carbon footprint and run lifecycle analysis on four of our bestselling products, so we can see the impact of a plant from the moment we receive it from our supplier to the moment it's received by a customer.

For 2020, our carbon footprint equated to 747 tCO2e, the equivalent of 162 cars driven for a year.

Patch 2020 carbon footprint breakdown

Transport & Distribution (49%)

With that baseline, we can set targets in line with the Science Based Targets initiative and commit to working towards reducing our scope 1 and 2 emissions; measure, disclose, and reduce scope 3 emissions; and publicly report our company-wide greenhouse gas emissions on an annual basis. We have carried out training across the business, so consideration for the environment becomes part of our culture and ultimately all decisions.

> Fulfilment Centre (6%)

Website (6%)

Office & Warehouse (6%)

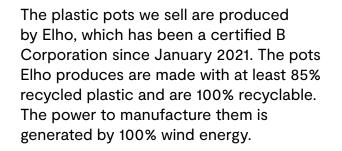
Packaging (32%)

Business travel (1%)

Reducing our impact

Transport and distribution are the largest contributors to our carbon footprint, so these were the first areas we focused on. Many of our nationwide deliveries are now fulfilled by DPD. 10% of DPD's fleet is currently made up of electric vehicles and it plans to have 1,500 electric vehicles on the road by the end of 2021. We hope to soon have electric vehicles delivering more of our London orders too. We've maximised the efficiency of our delivery routes, so vans drive no further than they have to.

We're working with our suppliers to reduce packaging and, where possible, eliminate single-use plastic. We now use padded paper, not bubble wrap, to protect products in transit. We've sourced paper and cardboard packaging that is FSC certified or made with 99% recycled material.



We want to minimise environmental impact at all stages of delivery, including in our fulfilment centre, where orders are prepared for delivery. We're working with a new fulfilment partner, a member of the Horticulture Climate Change Agreement. They are making considerable efforts to





Part one: environment

reduce emissions. Around 80% of their heat requirements are delivered through a biomass boiler, and they use energy management software to maximise energy efficiency.

We now ask Patch employees to only travel when essential, and if travel is essential we explore the most environmentally-friendly options. Our remote working policy, which only requires two days per week in a shared workspace, significantly reduces each employee's travel. We have also introduced a cycle-to-work scheme, open to all employees.



In 2020, we partnered with Tentree for Green Friday. For every qualifying order placed at Patch, Tentree planted ten mangrove trees in Indonesia. One mangrove tree can absorb over 308kg of carbon in its lifetime. The partnership resulted in the planting of 4,500 trees. Tentree has planted over 50 million trees since its inception, with the goal of planting 1 billion by 2030.





Peat

The horticultural industry's use of peat continues to have a severe negative impact on the environment. It's something many in the industry, including Patch, want to end.

Peat, formed by the decomposition of bog plants, is a vital part of helping reduce greenhouse gasses. Peat stores carbon, rather than releasing it into the atmosphere as carbon dioxide (a greenhouse gas). It's also an important environment for a huge range of wildlife.

We've been working with our growers to reduce the use of peat in our plants, with the ultimate goal of removing all peat from our products. The peat levels of the soil used in our plants has reduced over the years and is now between 10-25%. We no longer sell any peat-based compost and have introduced compost made from more sustainable materials, such as coir. We are in the process of partnering with a UK-based peatland protection programme.

for peat's sake!





Part two

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Community

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Community

We know our impact doesn't stop with us. It encompasses everyone we work with and the communities around us.

We work closely with our suppliers and the larger horticultural industry to ensure that together we do the best we can for the people around us. We are always asking ourselves what we can do better and how we can support everyone at Patch to make a positive impact.

Our commitment to our communities

We will continue to work with suppliers to enact positive change and ensure they are living the qualities that benefit their people, invest further in and continue to partner with charities to support our local community, and improve the diversity of the Patch team.

Supporting our local communities

Since 2017, we've worked with Thrive, a UK charity that uses gardening to bring about positive change in the lives of people with disabilities or ill health, and those in vulnerable situations. Working with Thrive's team in Battersea Park, we donate surplus stock, which they sell to raise vital funds. We've also held volunteer days, with the Patch team helping to maintain the Thrive gardens, and partnered with Dulux to re-decorate their office space. We're always looking for new ways to benefit our local communities.



Supporting Thrive





Preparing meals for icanyoucantoo



Students from Woolwich Polytechnic

In summer 2020, we created a team within the business focused on supporting our employees to make a difference. The team's first task was to choose a charity partner for 2021. We chose <u>icanyoucantoo</u>, a youth charity tackling social inequality in nonprivileged communities within London.

We launched Pippa the peace lily as a charity plant, with £1 of every sale going to icanyoucantoo. Patch employees have also supported the icanyoucantoo programme by using their volunteering time to bake cakes, cook and deliver meals as part of their hot meal initiative over school holidays. The team have also run mock interviews and reviewed CVs, to help young people prepare to start their careers. We've hosted quarterly fundraising events, with all the proceeds going to icanyoucantoo. So far this year we have donated £34,000.



Our charity plant, Pippa the peace lily



Nilesh Dosha, founder, says:

"Working with Patch Plants really has been a partnership, not only have they donated proceeds from the sales of their Pippa plant, but they've been directly involved across all three pillars of icanyoucantoo. They became an integral part of our humanitarian efforts at Christmas and Easter, not just out delivering surpluses to families, but rolling their sleeves up and mucking in with baking, cooking, packing/sorting food, and wrapping presents. In regards to our headline coaching and mentoring programme, the team from Patch have also got involved with supervising activities and giving young people invaluable feedback and guidance. Freddie will also be joining one of our November '21 sessions as a role model for our young people, sharing his learnings from over the years – as part of an Inspirational Men's panel – along with three other CEOs and MDs. Finally, Patch Plants have also been committed

to having raw, and sometimes uncomfortable conversations, about how companies can do more to get disadvantaged young people into the workplace. Their vibrant and open culture has made them a pleasure to work with, and their unique fundraising efforts have been amazing; we're so grateful to have had their support."





Christmas donations





In order to empower the Patch team to do more, we launched a volunteering policy that gives each employee 40 hours per year to volunteer anywhere they like. This time has been used in all sorts of ways, from working in community gardens to supporting archiving at Kew Gardens to donating blood. Our volunteering time has also been used to support the NHS through plant donations and hospital garden projects.

Like many brands, we offered discounts to NHS workers as a thank you for all the amazing work they've done during the pandemic as well as donating plants to hospitals. In line with our environmental focus, we sponsored the Patch Floating Forest Exploratorium for families at Field Fest, a festival focused on discussion around climate change.



Part two: community



Annual volunteer time allowed per employee



The benefits of plants

Plants have positive benefits on our mental health and wellbeing and we want to share that message across our communities.

The Patch-sponsored 'Pharmacy of House Plants' studio at the RHS Chelsea Flower Show, created in partnership with The Edible Bus Stop, was designed to examine the relationship between green spaces and wellbeing, through a contemporary interpretation of a traditional pharmacy. Instead of pills or lotions sitting on the shelves, the pharmacy showcased an array of stunning plants that were carefully chosen to reflect the soothing nature of house plants. The Pharmacy of House Plants won a silver-gilt medal.

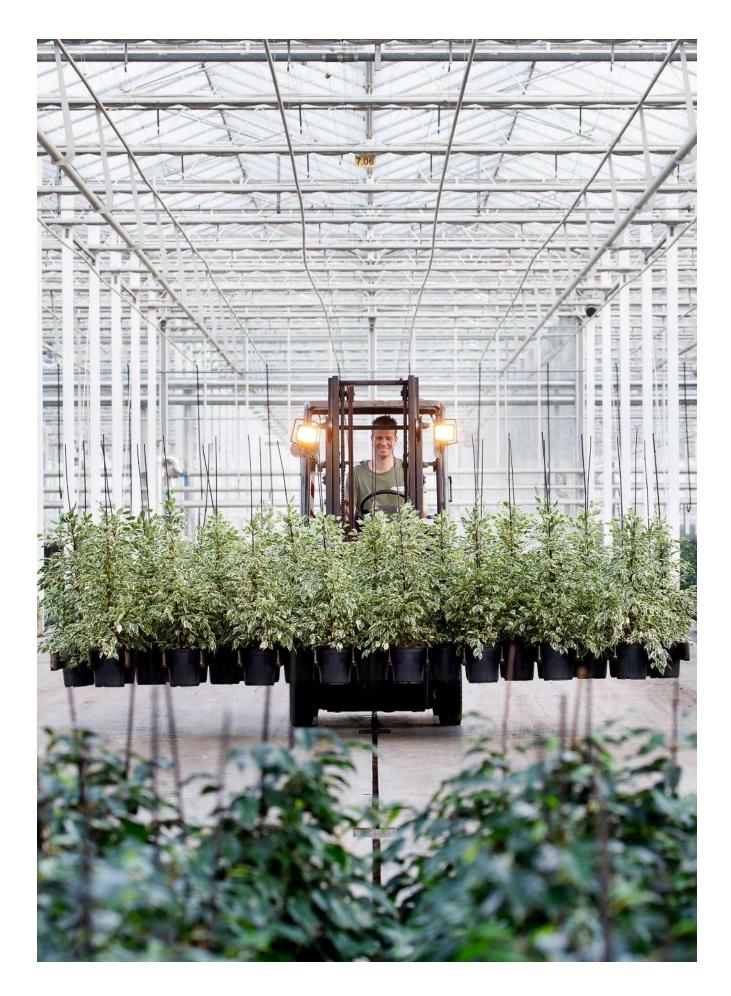




High standards

As part of our focus on our communities, we have been looking internally to ensure we at Patch are holding ourselves to the highest standards. That's why we've launched our internal code of ethics and commitment to diversity within Patch, as well as creating our statement for modern slavery in accordance with the Modern Slavery Act 2015.

We've looked at our suppliers to see how we can ensure positive impact from our entire supply chain. Each of our suppliers has been surveyed so we can fully understand their business practices, to ensure they align with ours. We've launched a code of conduct that we expect all Patch suppliers to agree to.



Part three

PP. 37 – 44

People

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People

We aim to create an environment that enables our team to do the best work of their careers, giving them the space, resources and support they need to develop.

The past 18 months have been challenging for all of us, and we've had to reset our focus onto our people and how we can best support them. A big part of this has been moving to our new HQ housed at Second Home, who we're proud to say are a certified B Corporation and Living Wage employer.

Mental health has also been key for all of us during these challenging times, and so we brought on a mental health coaching provider, whom employees could speak to monthly for support whether it be work-related or personal.

Our commitment to our people

We want to be an attractive employer who provides a great environment for employees to learn and develop through an inclusive workplace and a supportive working environment.

Everyone at Patch should feel celebrated and properly rewarded for their work. This means paying at least the London living wage to all staff including our warehouse workers and delivery drivers, supporting our team's mental and physical health, and creating a structure which enables growth.

Diversity and inclusion

The best teams are made up of many different voices. At Patch, we want everyone to feel included and heard. That's why we're committed to improving diversity within our team and within the larger horticultural industry.

We've released <u>a statement on diversity</u> <u>and inclusion</u>, which has been shared internally and is attached to all job postings. Our internal Diversity, Equality and Inclusion Group is made up of people from all areas of the business, looking at ways we can keep improving.

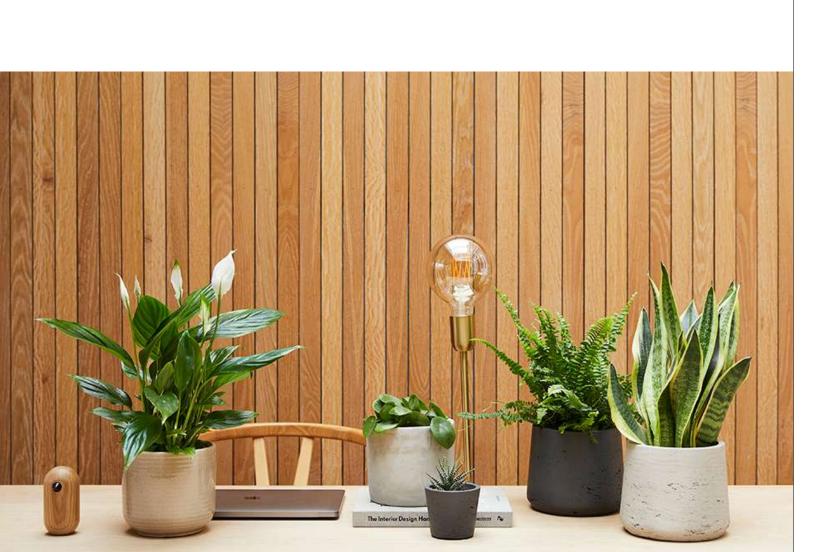
As well as internal improvements, it's important that our brand feels welcoming to all, ensuring our marketing, content and imagery are reflective of all communities. This applies to all aspects of our brand, right down to giving our plants names that reflect the diversity of our customers and not using traditional horticultural names derived from offensive or colonialist language.





Navigating the pandemic

The pandemic has changed life in many ways, including how we work. The Patch team has found many benefits to remote working, so we now have a hybrid system, with two days in the office and three working remotely. This gives everybody flexibility in how they work, while still maintaining the social contact that makes us such a close team. We've introduced flexible hours to help everyone maintain the best work/life balance, especially for those with children and other care responsibilities. Mental health has become a more important focus than ever and we work hard to make sure our team always feels supported. We've partnered with a mental health provider to offer regular optional coaching sessions and invested in Mental Health First Aid training within our team.



Part three: people

Training and development

Our success is down to an amazing, ever-growing team. Investment in our team is investment in Patch's future. We have an allocated learning and development budget that can be used by anyone in the team to spend on courses or material that will help them grow.

On top of this, we have launched several new training opportunities including:

- + Manager training and coaching program pilots
- + Access to <u>The PowerMBA</u> courses
- + In-house training for business intelligence including an introduction to SQL



Part four

PP. 45 – 54

Customers

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Customers

into your life.

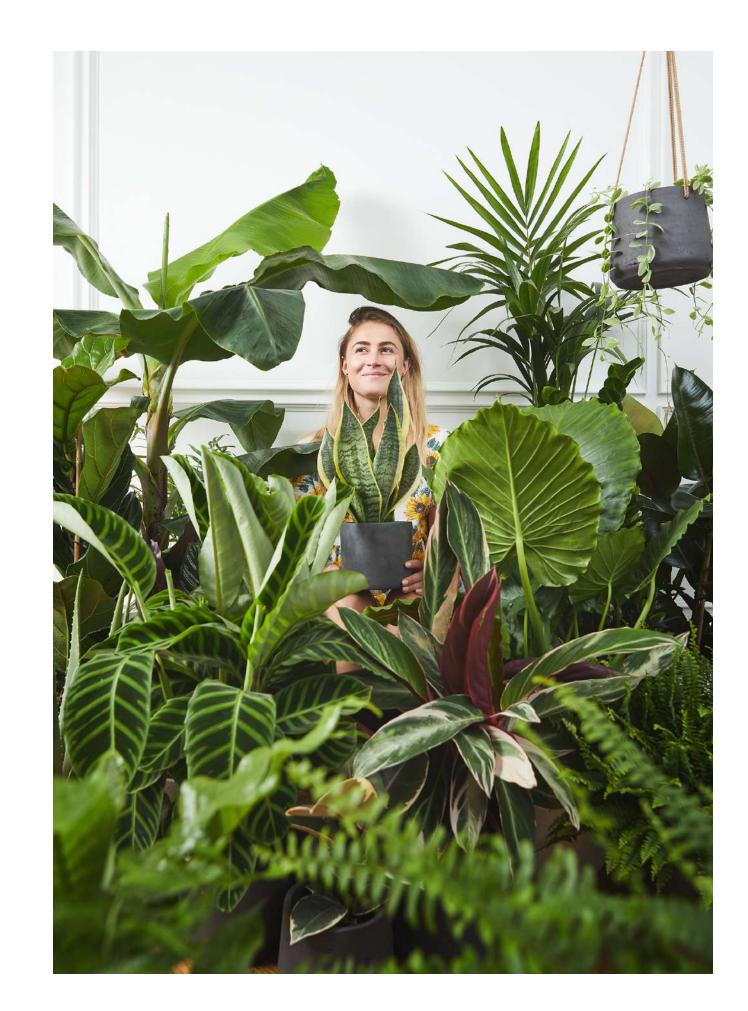
We strive to make gardening accessible to people of all levels of experience through the products we sell, the care advice we give and the content we share.

At Patch, we want to help bring the joy of plants to everyone. Whether you have one spare window ledge or a whole garden, you can bring plants

Our commitment to our customers

The world of plants can be daunting. An essential part of our brand has always been demystifying horticulture. Patch customers trust us to help them find the right plants for their home, deliver the highest quality product, and provide the clearest, most helpful care advice. We've always offered a 30-day returns window, to give customers the confidence that if anything goes wrong we're here for them.

Our plant doctors give customers someone to turn to whenever they need plant advice. In 2021 alone, our plant doctors helped over 12,000 customers diagnose problems with their plants, saving countless plants from being thrown away. In 2021, we launched Rewild, a place for us to share inspiring content and a huge library of care advice.



Engagement

We are always listening to our customers. We regularly survey customers and act on feedback given. We have created feedback loops within the business so any issues are relayed to the right people and improvements can be made quickly. Our customers are our most valuable asset in improving the business.

Feedback comes from many places, ranging from surveys to online reviews to social media. We currently have 279,000 followers on Instagram, with whom we share product news, care advice and plant inspiration. We've recently launched a Patch community, an open platform where customers can share ideas and views on our existing offering, as well as give their thoughts on future plans.



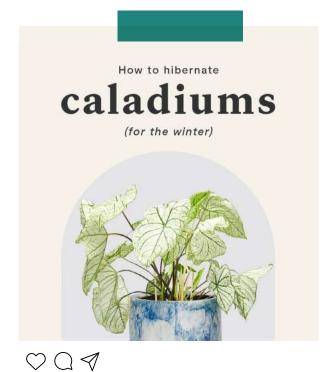
Part four: customers



Plant Doctor Rich in action







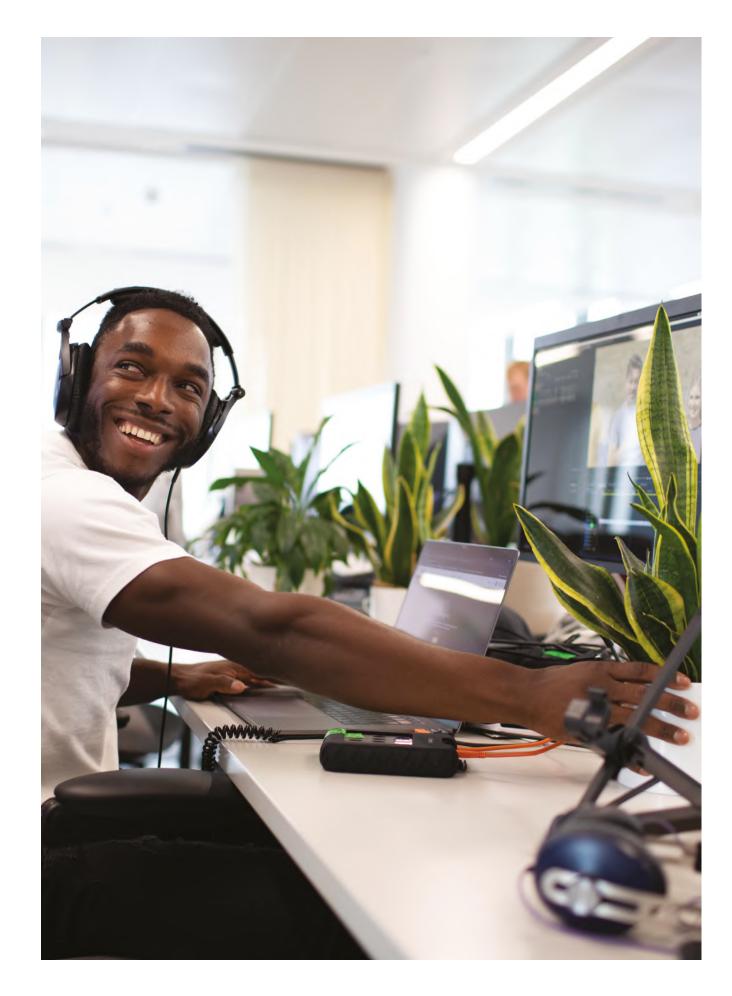


Recognition

The investments we've made internally to engage with our customers have seen us reach the finals for both the UK Customer Satisfaction Awards and the Engage Media Awards, in the categories of Best Use of Customer Insight and Best Use of Voice of the Customer, respectively. We're also finalists in the Best Customer Service Team category at Engage Media Awards (winner announcements pending).

ENGAGE AWARDS Finalist

The Institute of Customer Service UK Customer Satisfaction Awards 2021 FINALIST



What's next?

We have huge plans for 2022 and beyond. Here are just a few of the things we're working on:

- + Certify as a B Corp to cement our commitments and hold ourselves accountable through the recertification process every three years
- + Reduce the environmental impact of our packaging by eliminating plastic, reducing the amount of packaging used overall and sending more orders packaging-free
- + Introduce more electric vehicles across our supply chain, including EV deliveries across London in 2022
- + Reduce, and eventually eliminate, peat in our supply chain by working with our growers to find and use peat alternatives such as coir
- + Invest in peat protection to reduce future carbon emissions, reduce flooding, store water and support biodiversity
- + Reduce waste through better forecasting and stock management, reducing the number of returned items and using green waste to generate biomass to fuel our fulfilment operation

- + Produce more free content on Rewild, our online magazine, to create the ultimate online plant care destination
- + Increase our charity donations from a target of £30k in 2021 to £40k in 2022. Provide 700 volunteering hours in 2022
- + Publish and share our progress with you regularly through an annual impact report, as well as sharing key updates across our content channels
- + Reduce the amount of energy used by our website and website hosting through green web design



Bibliography

Science based target initiative

B Corp Guide to Net Zero

Carbon Trust: Net Zero for Corporates

Project Drawdown Solutions

Carbon Trust: Carbon Footprinting Guide

Planet A Academy: Scope 1, 2 & 3 Emissions

Net Zero Criteria Draft for Public Consideration

What is Net Zero?

United Nations Paris Agreement

PATCH

Everything laid out here is just the beginning. We are constantly exploring ways to be better, for our customers, our team, our communities, and for the environment. We're proud of the changes we've made, but we know there's always more to do. With the help of our amazing customers and the brilliant Patch team, we'll always strive to improve and we promise to keep you updated on our progress.

